#### GENERAL ASSEMBLY OF NORTH CAROLINA

### **SESSION 1993**

H 1

#### **HOUSE BILL 373**

Short Title: GPAC-Employee Classifications/Compensation.		
Sponsors: (by request) Representatives Robinson, Blue, Diamont, F. G. Miller, and Nesbitt.	Iensley, H. Hunter,	
Referred to: Public Employees.		

# February 25, 1993

1 A BILL TO BE ENTITLED

2 AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT 3 PERFORMANCE AUDIT COMMITTEE REGARDING EMPLOYEE 4 CLASSIFICATIONS AND COMPENSATION.

- 5 The General Assembly of North Carolina enacts:
- 6 —-STATE EMP. CLASSIFICATION/FUNDS.

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Section 1. (a) Article 1 of Chapter 126 of the General Statutes is amended by adding a new section to read:

# "§ 126-4.1. State employee classifications system.

- (a) The Office of State Personnel shall study employee job classifications and implement a revised classification system that is coordinated as an integral part of the compensation system for State employees.
- (b) The classification and compensation study conducted by the Office of State Personnel shall include the development and implementation of the following study components: compensation philosophy, salary structure, pay delivery, job descriptions, and external and internal job evaluations. The classification study shall determine which State jobs are paid below, at, or above the competitive private market rates.
- (c) The Office of State Personnel shall conduct an ongoing review of the State employee classification system to facilitate the consolidation of titles within classes, the creation of generic job titles, and the provision of dual career tracks to provide employees with opportunities for vertical growth in nonmanagement positions."
- (b) There is appropriated from the General Fund to the Office of State Personnel the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1993-94 fiscal

year and the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1994-95 fiscal year for implementation of the review of the State employee classification system. The Office of State Personnel shall complete the classification study within no more than 24 months.

- (c) Subsection (a) of this section is effective upon ratification. Subsection (b) of this section becomes effective July 1, 1993.
- —-STATE PERFORMANCE PAY.
  - Sec. 2. (a) G.S. 126-7(c) reads as rewritten:
- "(c) Performance increases, if awarded, increases shall be based on performance appraisals of all employees conducted by each department, agency, and institution. The State Personnel Commission, under the authority of G.S.126-4(8), shall adopt policy and regulations for performance appraisal. The policy and regulations shall include the following:
  - (1) The performance appraisal system of each department, agency, or institution shall be designed and administered to ensure that performance increases are distributed fairly and reward only performance that exceeds performance requirements. and to reward performance that meets or exceeds performance requirements. Employee performance exceeding requirements will receive greater rewards than performance that only meets performance requirements.
  - (1a) Employees shall progress through salary grades based upon performance and an employee's location in the salary grade in accordance with guideline charts that identify an employee's current performance rating and location in the pay grade. Guideline charts shall determine the amount of an employee pay increase.
  - (2) To be eligible to distribute its share of the performance increase allocation, a department, agency, or institution shall have an operative performance appraisal system which has been approved by the State Personnel Director. The performance appraisal system adopted shall use a rating scale of:
    - a. Five levels, with the top two levels three levels qualifying for performance increases; or
    - b. Other than five levels, with the levels qualifying for performance increases to be designated by the State Personnel Commission, for those job classifications in those employing units where a department, agency, or institution demonstrates to the State Personnel Commission that some number of levels other than five would be appropriate, and the State Personnel Commission, after conducting a public hearing, determines that a rating scale of other than five levels is more appropriate than five levels for a particular job classification within a particular employing unit.

There shall be a presumption that a five-level system is the most appropriate system, and the department, agency, or institution must

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demonstrate with clear and convincing evidence that a different system is more appropriate. The performance appraisal system adopted shall adhere to modern personnel management techniques and practices in common use in the public and private sectors. Departments, agencies, and institutions with existing performance appraisal systems which use a rating scale which is not consistent with the system described above shall have until July 1, 1991, to bring their systems into compliance with this subsection.

- (3) The State Personnel Director shall help—coordinate the efforts of departments, agencies, and institutions to establish and administer their performance appraisal systems and shall provide initial and ongoing training in performance appraisal and performance system administration. Training sessions for supervisory personnel on the performance appraisal system, effective methods of employee appraisal, and assessment of individual employee training and development needs shall be held on a regular basis.

- Each department, agency, and institution shall determine the individual training needs of each of its employees in order to provide effective employee training calculated to foster enhanced employee performance and to afford each employee the training needed to achieve performance levels that will result in the award of performance pay. Individual employee training needs shall be identified as part of an employee's performance appraisal.

(4) An employee whose performance exceeds meets or exceeds performance requirements shall receive a performance increase unless the employee's supervisor justifies in writing to the employee the decision not to award the performance increase. An employee whose performance does not exceed meet or exceed performance requirements shall not receive a performance increase. Standards for performance and standards for performance pay increases may be established for each department, agency, or institution. These standards may not set limits so as to preclude an employee whose performance exceeds meets or exceeds performance requirements from

consideration for an increase.

- 35 (5) T 36 a 37 ro 38 s. 39 ro 40 n
- The State Personnel Director shall set the performance increase ranges allowable for levels of performance that exceed performance requirements. An employee whose performance exceeds expectations shall receive a percentage increase equal to the midrange value for his rating, unless the supervisor can justify an increase above or below the midrange value within the allowable range. The supervisor shall give an employee written justification of his decision to award an increase above or below the midrange value when the employee requests written justification. A supervisor's performance appraisal plan, evaluation standards for each employee, and individual employee

ratings and recommended performance increase amounts, with 1 2 justification, shall be reviewed and approved by that supervisor's next 3 higher level supervisor. If an employee is otherwise eligible for a performance increase and is 4 (5a)5 at the top of (but does not exceed) a pay scale, the employee shall 6 receive a performance increase in the form of a performance bonus. 7 This performance bonus shall be a one-time, lump-sum award paid 8 separately from any other payment to the employee for the year. Such 9 award shall not serve to increase the base pay of such employee. An 10 award of this bonus pursuant to this subdivision does not affect: The value of the top of any pay scale; and 11 12 b. The employee's current salary, which will remain at the top of 13 the pay scale. 14 Except as provided in this subdivision, all other provisions of this 15 subsection shall apply to an employee at the top of a pay scale. The State Personnel Director may suspend any performance increase 16 (6) 17 that does not appear to meet the intent of the provisions of the 18 performance pay system and require the originating department, agency, or institution to reconsider or justify the increase. 19 20 An employee who disputes the fairness of his performance evaluation **(7)** 21 or the sufficiency of the increase awarded or who believes that he was unfairly denied a performance increase shall first discuss the problem 22 with his supervisor. Appeals of the supervisor's decision shall be made 23 24 only to the grievance committee or internal performance review board 25 of the department, agency, or institution which shall make a recommendation to the head of the department, agency, or institution 26 27 for final decision. The State Personnel Director shall help a 28 department, agency, or institution establish an internal performance 29 review board or, if it includes employee members, to use its existing 30 grievance hear performance committee to pay disputes. Notwithstanding G.S. 150B-2(2) and G.S. 126-22, 126-25, and 126-31 32 34, performance pay disputes, including disputes about individual performance appraisals, shall not be considered contested case issues. 33 34 Each department, agency, and institution shall establish a performance (7a)35 management and pay advisory committee as part of the performance appraisal system. The purpose of the committee is to ensure that 36 performance pay increases are made in an equitable manner manner 37 38 and in compliance with the performance appraisal system coordinated 39 by the Office of State Personnel. The committee shall be responsible for reviewing: 40 Agency performance pay policies and performance pay plan to 41 42 determine whether this section and any guidelines promulgated

by the Office of State Personnel have been adhered to:

- b. Agency training and education programs to determine whether all employees receive appropriate information; and
- c. Performance ratings within the department, agency, or institution to determine whether an equitable distribution has been made.

The committee must have a minimum of five members. The head of each department, agency, and institution shall appoint the members of the committee with equal representation of nonsupervisory, supervisory, and management employees. The committee shall elect its own chair.

The performance management and pay advisory committee shall meet at least two times each year. The committee shall submit a written report following each meeting to the head of the department, agency, or institution. The report shall include recommendations for changes and corrections in the administration of the performance management system. The recommendations of the committee shall be advisory only. The head of the department, agency, or institution shall respond to the committee within three months. Copies of the report shall be included in the report to the Office of State Personnel that is required of that agency, department, or institution. Summaries of the report shall be included in the annual reports that are mandated by this subsection.

- Nothing in subdivision (7a) and each subpart hereof shall be construed to obligate the General Assembly to appropriate funds to implement the provisions of this subdivision.
- (8) The State Personnel Director shall monitor the performance appraisal system and performance increase distribution of each employing unit within each department, agency, and institution. Each department, agency, and institution shall submit to the Director annual reports which shall include data on the demographics of performance ratings, the frequency of evaluations, the performance pay increases awarded, and the implementation schedule for performance pay increases. The Director shall analyze the data to ensure that performance increases are distributed fairly within each department, agency, and institution and across all departments, agencies, and institutions of State government and shall report back to each department, agency, and institution on its appraisal and distribution performance.
- (9) The State Personnel Director shall report annually on the performance pay program to the Commission. The report shall evaluate the performance of each department, agency, and institution in the administration of its appraisal system and the distribution of performance increases within each department, agency, and institution and across State government. The report shall include recommendations for improving the performance appraisal system and

- alleviating inequities. Copies of the report shall be sent to the State Auditor.
  - (10) The Commission shall report annually to the Governor, the Lieutenant Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Standing Personnel Committees of the House and the Senate. The Commission report shall include an evaluation of the administration of the appraisal system and distribution of performance increases by each department, agency, and institution. The State Personnel Director shall recommend to the General Assembly for its approval sanctions to be levied against departments, agencies, and institutions that have deficient appraisal systems or that do not link performance increases to performance. These sanctions may include withholding performance increases from the managers and supervisors of individual employing units of departments, agencies, and institutions in which discrepancies exist."
  - (b) This section is effective upon ratification.
  - —-TEMP. EMPLOYEES EQUALIZED.
    - Sec. 3. (a) G.S. 120-32.5 reads as rewritten:

## "§ 120-32.5. Leave for Benefits for temporary employees.

Temporary part time or full-time employees of the General Assembly who have four years of aggregate employment with the General Assembly (temporary or permanent) shall receive the same holidays, vacation leave, and sick leave as permanent part-time or full-time employees of the General Assembly respectively, or as may be determined by the Legislative Services Commission. Notwithstanding any other provision of law, temporary employees of the General Assembly shall receive health benefits, retirement benefits, and paid leave benefits equal to those benefits provided to temporary employees of the executive branch who are subject to the State Personnel Act. This section shall not be construed to reduce the vested retirement benefits of temporary employees or former employees of the General Assembly."

- (b) This section is effective upon ratification.
- —-REPEAL HP MERIT PAY.
  - Sec. 4. (a) The General Assembly finds that:
    - (1) The special merit pay increase for Highway Patrol officers has created morale problems among other State law enforcement officers. Morale problems arise when those other law enforcement officers whose performance would otherwise merit an increase do not receive increases when the budget does not provide funding for merit raises.
    - (2) The special merit pay provision violates the principle that employees in similar jobs and operating at comparable levels of performance should be compensated similarly.
  - (b) G.S. 20-187.3(a) reads as rewritten:
- "(a) The Secretary of Crime Control and Public Safety shall not make or permit to be made any order, rule, or regulation requiring the issuance of any minimum number of traffic citations, or ticket quotas, by any member or members of the State Highway

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- Patrol. Pay and promotions of members of the Highway Patrol shall be based on their 1 2 overall job performance and not on the basis of the volume of citations issued or arrests 3 made. The provisions of G.S. 126-7 shall not apply to members of the State Highway Patrol. 4 Members of the Highway Patrol shall, however, be subject to salary classes, ranges and longevity pay for service as are applicable to other State employees generally. Beginning July 5 1, 1985, and annually thereafter, each member of the Highway Patrol shall be granted a salary 6 7 increase in an amount corresponding to the increments between steps within the salary range 8 established for the class to which the member's position is assigned by the State Personnel 9 Commission, not to exceed the maximum of each applicable salary range. Beginning July 1, 10 1993, the provisions of G.S. 126-7 shall apply to members of the State Highway Patrol."
  - (c) The base budget of the Department of Crime Control and Public Safety is reduced by one million one hundred thirty-seven thousand three hundred eighty-six dollars (\$1,137,386) for the 1993-94 fiscal year and by two million three hundred seventy-nine thousand four hundred twelve dollars (\$2,379,412) for the 1994-95 fiscal year due to the repeal of the automatic merit pay increase in subsection (b) of this section.
    - (d) This section becomes effective July 1, 1993.
  - —-LAW OFFICER POSITION RULES.
    - Sec. 5. (a) Article 12D of Chapter 143 of the General Statutes is amended by adding a new section to read:

### "§ 143-166.40B. When sworn law enforcement officer required.

The State Personnel Commission shall issue rules and procedures for determining when a vacant position in State government employment shall be filled by a State employee who is a sworn law enforcement officer and who requires the powers of a sworn law enforcement officer in order to carry out the essential duties of his or her position."

- (b) This section is effective upon ratification.
- —-CIVILIANIZATION.
- Sec. 6. (a) Article 12D of Chapter 143 of the General Statutes is redesignated "Law Enforcement Officers," and is amended by adding the following new section:

### **"§ 143-166.40A. Civilianization.**

- (a) For the purposes of this section, 'Law enforcement officer' means a person who:
  - (1) Requires the power of arrest to perform the essential duties of his or her position;
  - (2) Must be armed to carry out the essential functions of his or her position; and
  - (3) <u>Is required by the Criminal Justice Education and Training Standards Commission to be certified, and as such, must attend and pass a core law enforcement curriculum.</u>
- (b) A person who has attained the status of a law enforcement officer shall not transfer or continue that status to a new position if he or she fills a position in State government employment that does not meet the definition of a State law enforcement officer as set forth in this section.

1	(c) The	job classes of law enforcement officers set forth in this subsection shall	
2	2 be civilianized upon vacancy. A position vacancy in any of these classifications shall		
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4		n a position in these job classes. These job classes are deemed not to	
5	_	State employee be a law enforcement officer in order to discharge the	
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7	(1)	Security Chief – Department of Agriculture	
8	$\overline{(2)}$	Security Officers – Department of Cultural Resources, Archives	
9	<del>-, -,</del>	Division	
10	<u>(3)</u>	Security Officers – Department of Cultural Resources, Arts Division	
11	<u>(4)</u>	Security Officers of State Schools and Hospitals	
12	<u>(5)</u>	Security Officers – Department of Justice	
13	<u>(6)</u>	Security Officers - Department of Justice, Training and Standards	
14		<u>Division</u>	
15	<u>(7)</u>	Hunter and Boater Safety Coordinator	
16	<u>(8)</u>	Insurance Investigators and Supervisors	
17	<u>(9)</u>	Securities and Commodities Investigators and Supervisors	
18	<u>(10)</u>	Port Police	
19	<u>(11)</u>	General Assembly Police	
20	<u>(12)</u>	Motor Vehicle Process Officers and Supervisors	
21	<u>(13)</u>	Motor Vehicle Law Enforcement – Inspectors and Supervisors	
22	<u>(14)</u>	Historic Site Manager	
23	<u>(15)</u>	Safety Officers	
24	<u>(16)</u>	Parks Operations Chief	
25	<u>(17)</u>	SBI Forensic Photographer	
26	<u>(18)</u>	SBI Forensic Chemist	
27	<u>(19)</u>	SBI Forensic Chemist II	
28	<u>(20)</u>	SBI Forensic Chemist III	
29	<u>(21)</u>	SBI Forensic Chemist Supervisor III	
30	<u>(22)</u>	SBI Forensic Chemist Supervisor IV	
31	<u>(23)</u>	SBI Forensic Serologist I	
32	<u>(24)</u>	SBI Forensic Serologist II	
33	<u>(25)</u>	SBI Forensic Serologist Supervisor	
34	<u>(26)</u>	SBI Forensic Analyst I	
35	<u>(27)</u>	SBI Latent Evidence Technician	
36	<u>(28)</u>	SBI Latent Evidence Supervisor	
37	<u>(29)</u>	Special Investigator – Medicaid Fraud	
38	<u>(30)</u>	SBI Latent Evidence Assistant Supervisor	
39	<u>(31)</u>	Wildlife Enforcement Training Director	
40	<u>(32)</u>	Special Investigation Supervisor	
41	<u>(33)</u>	Assistant Director of Crime Laboratory	
42	(34)	SBI Fingerprint Identification Supervisor	
43	(35)	<u>Criminal Information Auditor</u>	
44	<u>(36)</u>	Criminal Information Audit Supervisor	

- **Criminal Information Training Specialist** 1 (37)2 (38)Scales Mechanic 3 (39)Administrative Assistant (40)Parking Control Supervisor 4 5 **(41)** Medicaid Fraud Investigator Supervisor 6 (42)SBI Assistant Director – Administrative Services 7 (43) Locksmith II Motor Vehicle Training Coordinator 8 (44)9 (45)Automated Fingerprint ID Systems Manager 10 (46)**Driver Service Training Officer** (47) Staff Development Specialist I 11 12 (48)Departmental Purchasing Agent II Computer System Coordinator I 13 (49) 14 (50)Fingerprint ID Technician II 15 (51)Fingerprint ID Processing Supervisor Deputy Director Medicaid Fraud 16 (52)17 (53)**ALE Training Coordinator** 18 (54)Wildlife Telecommunication Manager." G.S. 135-1(11b) reads as rewritten: 19 (b) 20 21 22
- "(11b) 'Law-Enforcement Officer' means a full-time paid employee of an employer who is actively serving in a position with assigned primary duties and responsibilities for prevention and detection of crime or the 23 general enforcement of the criminal laws of the State of North 24 Carolina or serving civil processes, and who possesses the power of arrest by virtue of an oath administered under the authority of the 25 26 State. requires the power of arrest to perform the essential duties of his 27 or her position, must be armed to carry out the essential functions of his or her position, and is certified by the Criminal Justice Education 28 29 and Training Standards Commission to be certified, and as such, must 30 attend and pass a core law enforcement curriculum." 31
  - This section becomes effective July 1, 1993. (c)
  - —-LAW OFF. FUNDS RESTRICTED.

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- Sec. 7. (a) State departments, agencies, and institutions shall not use budgeted funds to pay law enforcement officer benefits to persons filling positions that do not require the status of law enforcement officer as a basic requirement of the position. Law enforcement officer benefits shall be paid only to employees who require the power of arrest to perform the essential duties of a position, who must be armed to perform the essential duties of the position, and who are certified by the Criminal Justice Education and Training Standards Commission to be certified.
- This section becomes effective July 1, 1993.
- —-LAW ENFORCEMENT RETIRE. GOAL.
- 42 Sec. 8. (a) Effective January 1, 1994, G.S. 143-166.41 reads as rewritten:
- "§ 143-166.41. Special separation allowance. 43

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Notwithstanding any other provision of law, every sworn law-enforcement officer as defined by G.S. 135-1(11b) or G.S. 143-166.30(a)(4) employed by a State department, agency, or institution who qualifies under this section shall receive, beginning on the last day of the month in which he retires on a basic service retirement under the provisions of G.S. 135-5(a) or G.S. 143-166(y), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him-his base salary for each year of creditable service as a law enforcement officer, reduced by a determined maximum life annuity value of benefits payable at the time of retirement from contributions other than his own and earnings thereon whether withdrawn or not during the career of the officer from the Supplemental Retirement Income Plan pursuant to Chapters 135 and 143 of the General Statutes, as may be determined by the Department of the State Treasurer and the Plan's Board of Trustees. However, in the event that the benefit provided by this section, when added to the maximum benefits from the Teachers' and State Employees' Retirement System and the Supplemental Income Plan, exceeds seventy-five percent (75%) of the law enforcement officer's base salary, the benefits provided by this section shall be reduced to the extent possible so that the total does not exceed seventy-five percent (75%) of base salary. For purposes of this section, 'base salary' means the annual equivalent of the base rate of compensation most recently applicable to the law enforcement officer, not including pay for overtime or other types of extraordinary pay.

The allowance shall be paid in 12 equal installments on the last day of each month. To qualify for the allowance the officer shall:

- (1) Have (i) completed 30 or more years of creditable service or, (ii) have attained 55 years of age and completed five or more years of creditable service; and
- (2) Not have attained 62 years of age; and
- (3) Have completed at least five years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.
- (b) As used in this section, 'creditable service' means the service for which credit is allowed under the retirement system of which the officer is a member, provided that at least fifty percent (50%) of the service is as a law enforcement officer as herein defined.
- (c) Payment to a retired officer under the provisions of this section shall cease at the death of the individual or on the last day of the month in which he attains 62 years of age or upon the first day of reemployment by any State department, agency, or institution institution, or by any unit of local government within the State.
- (d) This section does not affect the benefits to which an individual may be entitled from State, federal, or private retirement systems. The benefits payable under

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31 32 this section shall not be subject to any increases in salary or retirement allowances that may be authorized by the General Assembly for employees of the State or retired employees of the State.

- (e) The head of each State department, agency, or institution shall determine the eligibility of employees for the benefits provided herein.
- (f) The Director of the Budget may authorize from time to time the transfer of funds within the budgets of each State department, agency, or institution necessary to carry out the purposes of this Article. These funds shall be taken from those appropriated to the department, agency, or institution for salaries and related fringe benefits.
- (g) The head of each State department, agency, or institution shall make the payments set forth in subsection (a) to those persons certified under subsection (e) from funds available under subsection (f)."
- (b) Effective January 1, 1994, G.S. 143-166.42 reads as rewritten:

## "§ 143-166.42. Special separation allowances for local officers.

On and after January 1, 1987, the provisions of G.S. 143-166.41 shall apply to all eligible law-enforcement officers as defined by G.S. 128-21(11b) or G.S. 143-166.50(a)(3) except sheriffs who are employed by local government employers, except as may be provided by this section. As to the applicability of the provisions of G.S. 143-166.41 to locally employed officers, the governing body for each unit of local government shall be responsible for making determinations of eligibility for their local officers retired under the provisions of G.S. 128-27(a) or an equivalent locally sponsored retirement plan and for making payments to their eligible officers under the same terms and conditions, other than the source of payment, as apply to each State department, agency, or institution in payments to State officers according to the provisions of G.S. 143-166.41. For the purposes of determining the net amount of separation allowances payable to local officers under the provisions of G. S. 143-166.41, benefits payable by any locally sponsored retirement plan that supplement retirement benefits payable under Article 3 of Chapter 128 of the General Statutes shall be treated the same as a determined maximum life annuity payable from the Supplemental Retirement Income Plan."

(c) This section becomes effective January 1, 1994.

Page 11